GOVERNMENT OF INDIA
LAW , JUSTICE AND COMPANY AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:854
ANSWERED ON:23.11.2000
NON-PAYMENT OF DIVIDEND
SADASHIVRAO DADOBA MANDLIK

Will the Minister of LAW , JUSTICE AND COMPANY AFFAIRS be pleased to state:

(a) whether the Department of Company Affairs has given right to SEBI to take action against the companies which are not sending the shares to Shareholders and defaulting the non-payment of dividend etc;

(b) if so, the details thereof; and

(c) the efforts being made to safeguard the interests of the shareholders?

Answer

MINISTER OF LAW, JUSTICE & COMPANY AFFAIRS AND SHIPPING (SHRI ARUN JAITLEY)

(a) and (b): The Government authorises officers of SEBI under section 621 of the Companies Act, 1956 to take action against erring companies in respect of certain offences punishable under various provisions of Companies Act, 1956 as and when a need arises. The offences punishable under following sections of Companies Act have, inter-alia, been covered in this connection:

(i) sub-section (2) of section 113: [Limitation of time for issue of Certificates]

(ii) section 207: [Penalty for failure to distribute dividends within 42 days]

(c): To protect the interests of share holders and other investors, the Government has set up an `Investors Protection Cell` which primarily deals with the complaints relating to non-receipt of shares/debentures certificates after allotment/ transfer, refund of share/ debenture application money, non-receipt of dividend/ interest warrants and non-payment of unclaimed dividend etc. All such complaints are promptly acknowledged and taken up with the concerned companies for prompt redressal through a fully computerised system.

Pursuant to provisions of Section 205C (4) of the Companies Act, 1956 an Investor Education and Protection Fund is also being constituted which shall be utilised for promotion of Investor awareness and protection of interests of Investors.

The Companies (Second Amendment) Bill, 1999 also seek to address the issue in a more comprehensive way.